1: Bowen-Jones et al. K-5 (1955-1958) 1961
EZ6 Malta EZ6

D. Economic and Commercial Characteristics

In 1956, Surridge (1) in a note on Co-operatives in Malta, endorsed the F.A.O. statement (2) that 'real progress in the co-operative field will be impossible so long as the essential connection between credit facilities and marketing remains unrecognised'.

Subsistence farming is not now practised in the Maltese Islands and all farmers are to a large extent controlled in their productive use of land by commercial markets. The application of capital and techniques to the land is much more than the simple provision of cheap credit.

Environmental conditions necessitate the continued and intensive use of hand labour in order to maintain in existence the artificially made fields and in order to utilise the maximum area of land. Therefore large-scale capital application is restricted to provision of better water supplies and similar public works projects. What is needed is the small scale use of capital in crops and livestock experimentation and for backing efforts in the export markets. Capital provision for land purchase should not be made until cultivators are less likely to indulge in speculative 'landgrabbing' which would result in greater problems of fragmentation, etc.

The amount of hidden capital in the countryside must be very considerable. Estimates that 80 per cent. of Malta's National Income is derived directly and indirectly from the Defence Departments cannot take into account all the gross real income in kind of the countryside - real income which never appears long enough to be measured. Present expenditure on improved equipment and better breeds of plant and livestock as well as spectacular efforts such as the building of Mosta Church go to show that, given incentive and faith in the future, the rural communities can and will deploy some considerable hidden reserves. Before any such capital will be applied, some compulsive force must operate on the farmers.

For centuries past, production has been largely for subsistence except for cotton and cumin seed, both exported to other Mediterranean countries. From the sixteenth century onward, urbanisation slowly created a significantly sized indigenous market and, with the disappearance of the trade in cotton during the nineteenth century, the home market became completely dominant. Some 30 years ago, potatoes became profitably exportable, while at the same time rapid urbanisation increased the size and wealth of the home market. As already noted, the domestic market for milk is of very recent origin, while export possibilities for crops other than potatoes are now slowly being realised.

Until World War II, marketing of produce was organised almost entirely by licensed but uncontrolled middlemen - the *pilkali* - who collected or accepted small lots, offered them for sale to wholesalers or retailers, and then paid the farmers the negotiated price less commission. (The details of organisation are well described in the 1911-12 Royal Commission Report (3).) During World War II, 'the evolution of internal Marketing made a great stride forward during the exigency... (4)'. This statement really means that controls were imposed on prices and marketing, controls which have basically survived to the present day. As the economics of production have become more confused with welfare policies, so the complexity of the situation has increased. All that we can do here is to sketch and illustrate the nature of this complexity.

The first factor to be reckoned with is that cultivators in no case know their costs of production. They have some general idea of whether a proposed price is unprofitable or not but this is not necessarily trustworthy. Secondly, while the fodder crops are not very perishable, the vegetable and fruit products which find their way out of the rural economy into Maltese markets are extremely so. While the market for such produce in Malta is not a very selective one, this on the whole has the effect of encouraging the sending to market of produce which is very liable to deterioration. In the markets, therefore, any produce surplus to clear requirements is virtually valueless. One complaint concerning the

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241 *pilkali* system is that the middlemen charged commission for negotiating sales but took no stock risks. Thus, when wholesalers and retailers had satisfied their
441 requirements, playing for safety themselves, the *pilkali* merely informed the
435 unfortunate producers that their product could not be sold. The prices attained for that which could be sold varied with the skill of the *pilkali*. Since many Maltese farmers need forward credit for various purposes, it was perfectly natural that the *pilkal* became not only a middleman but a supplier of credit and therefore to some extent a controller of production. The whole of this system resulted from two simple facts. First, the quantities of individual items that most farmers could daily offer for sale were so small as to make some concentrating agency a logical development. Secondly, the social legacy of dichotomy between town and country meant that the farmer was most often incapable of dealing directly with his market. Questions of literacy, language and social status still often put the farmer in a position of inferiority. The *pilkali* bridged that gap. In so doing they have sometimes exploited the farmers' ignorance. Many and vivid are the stories heard of their dishonesty; one such, told by several farmers, concerned the spring export crop of potatoes in 1955. They had been told by middlemen that the U.K. market had been depressed by competition from France and Spain and that therefore the prices offered would have to be low. In fact, shippers declared that the poor quality of the 1954 crops had discouraged some buyers but that the f.o.b. prices were still very much higher than reported by the middlemen. Most *pilkali* are no doubt honest but many farmers bypass them where possible and most others have suspicions - mostly born of their own ignorance.

During World War II, control of all agricultural produce had to be established and, since this time, the financial side of such transactions has been controlled by Government clerks at established *pilkali* markets although the middlemen still handle the actual sales. The intrusion of Governmental financial control has not removed suspicion although it has removed part of the cause of it at the cost of a higher commission charged to the producer. The annual cost of this protection and the controls mentioned below to individual farmers and to small co-operatives is almost £23,000 (5).

Another development has further confused the situation. Stemming from wartime controls, policies aimed at controlling prices for the benefit of the consumer have replaced the old attitude of *caveat emptor*. Various methods have been adopted but they are all based on regulating maximum retail prices, directly and by fixing maximum profit margins and percentages of profit. As noted by many observers, and effectively by an Adviser on Marketing (6), such controls cannot be strictly enforced and it is impossible to make them sufficiently flexible to encourage the production virtues of improved quality and evenness of supply in time. It must suffice here to say that the marketing side of commercial agriculture is not in a satisfactory state, being as it is costly, wasteful and very beneficial neither to consumer nor to producer judging by a great number of local statements.

234 The local market for livestock products is very different. All milk (7) legally
435 sold is bought by the Milk Marketing Undertaking which in practice accepts any quantity of milk delivered to the collecting depots dispersed through the Islands. There is a tendency to restrict goats' milk acceptances during the summer
441 period of glut by relating summer and winter ratios. Many producers still have written contracts but more important than individual arrangements is the
[469] negotiating power of the K.M.H. (the union of milk producers already cited) which incorporates about half of the 600 or so registered producers in the island of Malta. The fixed and scheduled prices paid to producers bear no real relation to production costs since these are not known but rather result from M.M.U.-K.M.H. negotiations and political and welfare decisions by the Government. The M.M.U. takes full risk over wastage and excess production of liquid milk and processed milk products, but is partly able to offset losses by trading profits on imports of dried, evaporated and condensed milk which sales it handles. The M.M.U. now distributes all legally sold liquid milk, as well as its own milk products, and retail prices are fixed by announcement. In 1955-56 the result

was that gross financial loss totalled £124,000 representing an equivalent subsidy to consumers of M.M.U. products, while, if profits on imports were subtracted the figure would rise to over £200,000. The commercial aspect of milk marketing is thus completely artificial and dominated by welfare policies. Price policy, even so, has not been powerful enough to even out the immense seasonal fluctuation in production of goats' milk, roughly half the total, and the smaller but still considerable fluctuation of cows' milk.

Meat production is rather more crude. The Government abattoir slaughters all the horned cattle, most of the swine and a considerable proportion of sheep and goats. The commercial transaction between producer and butcher is usually direct. Here once more the small scale and the unspecialised nature of meat production controls all else. The 1956 Census of Agriculture recorded only nine specialist cattle breeders and 94 breeders of swine as compared with over 700 engaged in sheep and goat breeding (in roughly equal numbers). Licensed importers bring in the store cattle which are then usually sold to non-specialist farmers. Feeding standards are as low as with milch cows. There is little incentive to improvement because of the low standard set by the widespread practice of milk producers selling old and diseased stock for butchering. Pig meat and store-bull meat do command a premium but, while some 15,320 horned cattle were slaughtered in 1957-58, the average import rate of stores is only some 3,000. In the same year, 5,000 sheep (of the indigenous poor breeds) and 8,400 goats (mainly those useless for milk production) as well as 7,800 lambs and kids, were slaughtered. The commercial side of meat and, for that matter, hides and skin production, like that of milk, can only be improved as and when the arable sector of agriculture is further developed.

Lastly, we must refer to exports. For some years, the most important exported agricultural product has been the spring crop of potatoes. Some general points concerning the production and sale of potatoes have already been made (Chapter VII, pp. 205-206), but one or two points need expansion here. The main market for pseudo-early potatoes grown in the Mediterranean (harvested in April and May), lies in North-West Europe. During the earlier part of this century, Holland, Belgium and Germany were the most important buyers but, of recent years, the Arran Banner variety, which yields well as a pseudo-early in Malta, has only found favour in Glasgow. By 1955 this dependence on a single main market was appearing dangerous and since that time, as noted by Haesler in 1957 (8), more heed has been taken of consumer demand for other earlier varieties, yellow rather than white fleshed, such as the Eigenhemer. On the marketing side, some important problems remain. The virtual absence of good civilian port facilities and the dependence on lighterage puts up freight costs and discourages shippers. The middlemen and wholesale handling of produce for export is not above reproach while the only worthwhile markets expect good and consistent quality of graded merchandise. Here the deficiencies of even the most commercially sophisticated part of the community can partly negate improved efforts on the part of the producer. Standards set by the home market tend to affect the services rendered to foreign markets and before the latter can be expanded, the former will have to be improved. There is one sector in which a separate break-through has begun. Air freightage of high value for bulk merchandise (which does not include potatoes) can make distant markets accessible to medium-scale individual producers. Thus flowers, plants and seeds are to some small extent being traded by a few growers sufficiently skilled to bypass the mercantile system. This cannot be done by all but it might encourage emulation.

The whole of the marketing organisation is of course organically associated with production and the commercial aspects of production need consideration.

One of the first points that strikes an observer in the Islands is that the production of the different commodities is altogether too concentrated in time. In the case of milk, a traditional organic cycle imposed by crude goat husbandry imposes great financial strains on the centralised agencies. With crops it would seem that traditional fear of risk-taking, rational enough in a peasant economy but antithetical to the whole nature of commercialism, is now hampering

*159 150 829 rejection of his village background, and his attitude to agricultural and other authorities in the Islands all mark him out as apart from the 'traditional' kind of farmer. At the same time, however, his case reflects the frustration and impatience of his own generation in the agricultural community.

*159 423 167 177 241 (241) He comes of a village family in which his father and paternal grand-father were both butchers. His father acquired a small farm of some two acres to provide vegetables for the family but neither Ġanni nor his brother, a few years his junior, was keen to expand the family holding. The family butchering business held no more attraction for them and was relinquished by the father when he retired from full-time work some years ago to run a small bar in the village. Both the brothers thought that neither butchering nor farming presented scope for money making so they emigrated to Australia. Ġanni's seven years there left him unsympathetic towards farming as practised in Malta, with its fragmentation, hand-labour and other limitations. He saw mechanization on the Australian pattern, with tractor-drawn, three-furrow plows, combine-harvesters and a variety of other large implements, as the only way to make Maltese farming a profitable venture.

*159 177 241 409 He returned home full of ideas of making money as a contractor-plowman. His native knowledge of Maltese farmers and farming left him with no illusions as to possibilities. Ġanni's subsequent efforts to find takers for his deep-plowing have entailed a hard fight against prejudice and criticism. Clearly many of the objections raised as to his methods and machines being unsuitable for Maltese conditions have not been without foundation but he has pushed ahead, working over a larger area, buying new types of machinery, etc.

The present discussion is concerned less with the technical details of this kind of heavy mechanization in Malta than with the attitudes which it reveals - especially the tremendous gulf in outlook between the older farmers and the few <u>young</u> men like Ġanni who are still making some effort in Maltese farming. It is held that these latter are more important than their present numbers would suggest since, without their sustained effort, an economic and social continuity will be lost. They are individuals upon whom some new or improved farming could be built in Malta and Gozo.

*159 241 829 <u>Ġanni's view of farming in Malta.</u>

"Farming in Malta is today generally uneconomical because of the high costs of the necessary hand-labour and because of the difficulties facing the mechanization of field-work" (Ġanni). He attributes what he regards as the present dismal prospect of Maltese agriculture to the lack of a guaranteed exportable crop, on the one hand, and to the lack of direction to the farmer from the agricultural authorities, on the other. Nevertheless he believes that neither

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He insists that the Government should stop imports of new machines in face of the present decline in the demand for contract deep-plowing. He sees himself and many farmer-contractors like him going out of business in the near future.

CASE XII

[178] This farmer (working 35 tmien, including seven irrigable) was among the first to acquire machinery in the 1930's. He speaks of the slow start made in deep-plowing on account of the suspicion of most farmers who continued to use the mule or horse-drawn wooden plow exclusively for some years. Mechanized plowing is now fully accepted, he says, and, for the contracting plowman, is still a most profitable venture despite the present fierce competition for business.

CASE XX

159 407 241 434

Whereas CASE XIV-XIX have concerned plowing and threshing contractors whose own fields are of secondary importance as a source of income, this man is typical of the growing number of farmers who see mechanization as the means whereby they themselves can cultivate a large holding. With his single tractor he cultivates some 35 tmien single handed and supplements his income from this holding by only a limited amount of contract-plowing in the summer season.

[245] [178] He notes that a further reason for the decline in demand for the deep-plow on contract is the recent increase in the area under vines (due to the steady demand for wine-grapes by local vintners).

CASE XXI

159 256 241 407 472 [477]

This Gozitan is a part-time contract plowman whose main occupation is not farming but baking. His father was a salt-seller but this business went to a brother shortly before the 1939-45 War whereupon this man decided to go in for full-time contract plowing and threshing. For many years he remained the sole such operator in his village and business grew. However in the present decade competition from new tractor operators has "halved the work available in the summer plowing season" for his plows and threshing machine. This prompted him to build a bakery in 1954 to which he has since devoted all his time. However the tractor and threshing machine are still retained and are worked by a son as the demand arises.

CASE XXII

159 441 472 407 [191]

Another Gozitan, this English-speaking and astute man is not himself a contract plowman but is a dealer and agent for tractors, rotary cultivators and other agricultural machinery. His father began the import of tractors to the Island, but these were wheeled and soon found to be unsatisfactory for local conditions. The first 'crawling' tractor was introduced in 1939 and has since been found to be well suited to the steep paths and fields and the small plots in Gozo, especially in wet weather. Since 1951 the use of rotary cultivators has spread rapidly through the Island and has led to a sharp decline in the work available to the deep-plowing tractors. Of twelve of the latter at present in the Island some three or four are normally unused in the season. This agent sperks of an agreement among the tractor operators of Gozo to limit individual spheres of operation during the 1957 plowing season.

[178] Like CASE XIV this man has been prepared to introduce new implements. His father was the first to import motor pumps (1920), while he himself brought in the first cultivator in 1951. His latest idea has been the import of harvesting machines, but the very limited success of the first ten which he brought in has discouraged him from buying any more. He observes that the fields of Gozo are too small for mechanization on this scale and that the harvester leaves a lot of straw in the ground which the farmer insists must be collected for animal fodder.

*159 554 441 511

Socially and economically this man is not a farmer. For two generations the machine importing and other business dealing of the family have given them something of a middle-class status in the village. Their standard of living and the house they occupy reflect their above-average prosperity while their literacy and foreign contacts have further enhanced their social standing.

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PART 3. A Note on the Fishermen of Malta and Gozo.

The fishermen of the Maltese Islands deserve mention in this report as their position today has many points in common with that of the farmers.

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A 1957 estimate put their number at 840 (R/177 - 1957, Section F, p.1). This represented about 1% of the total gainfully occupied population at the time and is equivalent to only 11% of the number of full-time farmers in the Islands, although only about half of the 840 appear to be full-time fishermen. "Many are engaged in the industry for part of the year only and they usually have an internative occupation ashore" (R/250, p.13).

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Burdon, in his 1956 report, sums up the present condition of the fishermen : "The most remarkable feature of the industry is the diversity of methods which individual fishermen use. Some fishermen are more advanced than others, but in general they are progressive and their knowledge of the local fisheries is extensive. Unfortunately they have little contact with the world beyond Malta and do not learn of new developments in fishing technique. This is aggravated by the comparatively low standard of education" (R/250, pp.13-14).

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The parallel with farming and farmers in Malta is clear. Burdon observes that recent developments "make it imperative that vocational training should be given to the fishermen. This must be simple in form and should be taken to the fishermen - i.e. the classes must be held in the fishing centres at times when the fishermen are available. But such measures are unlikely to meet with success if confined to the fishermen whose livelihood depends upon fishing whenever the weather permits. Special attention must, therefore, be paid to the children of the fishermen who will become the fishermen of tomorrow" (R/250, p.14).

226 463 871 879 814

The present writer holds that the need for education in agriculture is exactly parallel to Burdon's recommendation. But, whereas a start on these lines has already been made in farming (Section 4), nothing has been done in the case of fishing, although the need for the technical education of the fisherman has been stressed since as long ago as 1931 (R/237, p.47). There are still no qualified Maltese skippers (R/250, p.14) and, for work in the more distant grounds off Lampedusa and Sicily, Italians are employed. They are regarded with some awe by local fishermen for their literacy, technical knowledge and the rather higher wages which they can command.